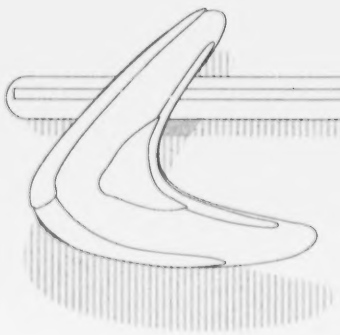
2003 to 2007 Financial Plan
Public Presentation

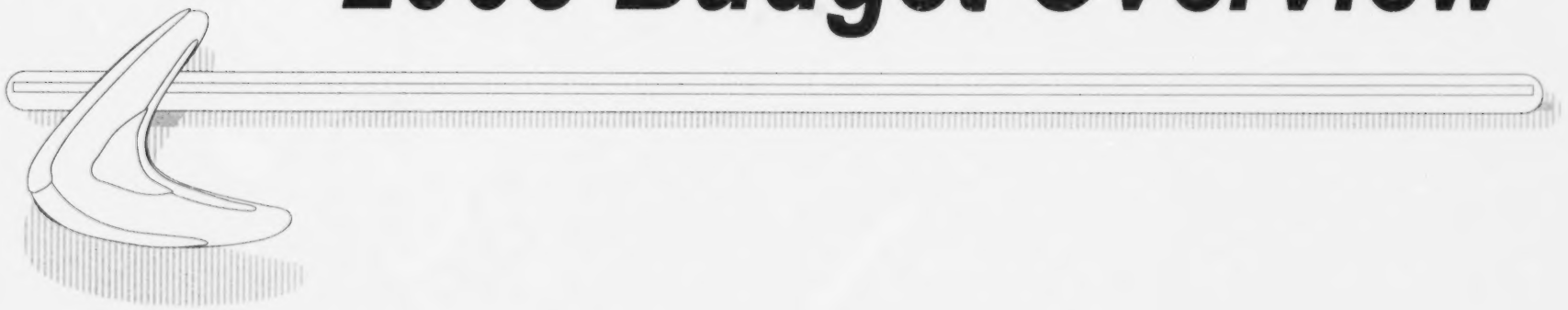


Agenda

104-01341/

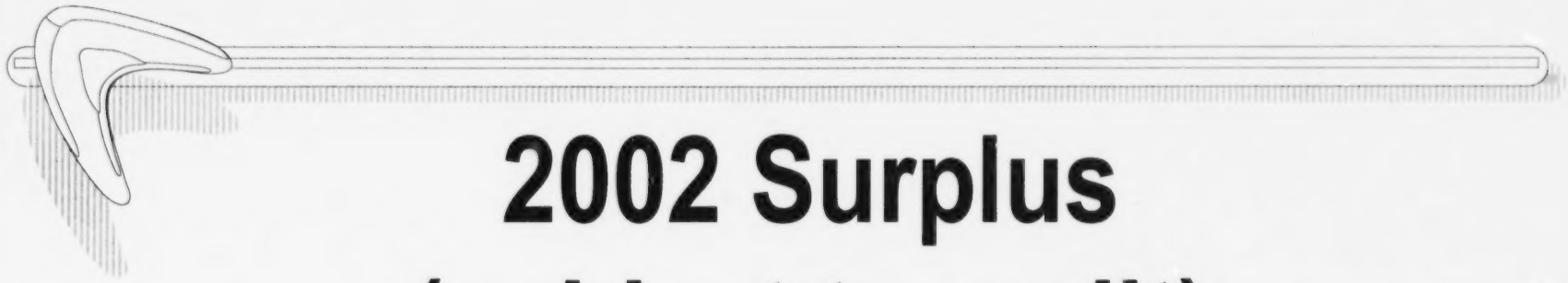
- 2003 Budget Overview
- Property Tax Information
- Five Year Operating Budget Financial Plan
- Five Year Capital Budget Financial Plan

2003 Budget Overview



Outstanding Budget Issues

- **2002 Surplus**
- **New Construction Assessment**
- **Comparison of 2002 Revenues to 2003 Budgets**



2002 Surplus (subject to audit)

$1,000,000

Analysis of 2002 Surplus

Contingency Account	1,185,320
Building Permit Revenue	413,400
Parking Meter Revenues	733,272
Other Increases and Decreases	61,062
Surplus before Appropriations	**2,393,054**

Recommended Surplus Appropriations

2002 Surplus	**2,393,054**
Transfer to Insurance Reserve (Funding for outstanding legal claims)	(993,054)
Allowance for Property Tax Appeals	(400,000)
Unappropriated Surplus to 2003 Revenue	**1,000,000**

New Construction Assessment

- **Preliminary indication from BC Assessment was that increases New Construction Assessment would result in $1,000,000 plus an additional $300,000 for the Harbour Authority Properties.**
- **Due to significant reductions in assessment for the Harbour Authority Properties, the Revenue will only be *$878,000. (under review by BC Assessment)***

2003 Budget Adjustments

Property Tax Increase	**2,699,949**	**4.52%**
Grant Additions (See Grant Summary Slide)	136,500	
Restating Traffic Fine Revenue between Police and City	(413,500)	
Police Operating and Capital Budget Increase	1,524,534	
Reduction in New Assessment Revenue (Harbour Authority Properties)	441,861	
2002 Surplus allocated to Revenue in 2003	(445,000)	
	3,944,344	**6.61%**
Yearend Review of Revenues		
Parking Meters (Actual $3,388,000 vs 2003 Budget of $3,200,000)	(188,000)	
Parking Meter Hoods (Actual $179,000 vs 2003 Budget of $100,000)	(79,000)	
Building Permits (Actual $1,830,400 vs 2003 Budget of $1,710,000)	(120,000)	
	3,557,344	**5.96%**

2003 Operating Budget Summary
Including Police

	2002	2003	Change	Percentage
EXPENDITURES				
General	49,116,727	50,408,198	1,291,471	2.63%
Police	26,011,466	27,536,000	1,524,534	5.86%
Non-Departmental	4,768,026	6,351,801	1,583,775	33.22%
Greater Victoria Public Library	2,645,137	2,723,420	78,283	2.96%
Debt	5,738,904	5,998,581	259,677	4.52%
Self-financed Programs	24,036,369	24,739,006	702,637	2.92%
Transfer to Capital	3,657,756	4,263,861	606,105	16.57%
	115,974,385	**122,020,868**	**6,046,482**	**5.21%**
REVENUES				
Non -Tax	16,317,241	17,108,945	791,704	4.85%
Non-Departmental	10,882,842	11,019,500	136,658	1.26%
Police	5,067,730	5,047,486	(20,244)	-0.40%
Self-financed Programs	24,036,369	24,739,006	702,637	2.92%
	56,304,182	57,914,937	1,610,755	2.86%
Operating Property Tax Levy	56,012,447	56,012,447	-	
Capital Property Tax Levy	3,657,756	3,657,756	-	
New Construction Revenue		878,384	878,384	
	115,974,385	**118,463,524**	**2,489,139**	**2.15%**
Budget Shortfall	**0**	**3,557,344**	**3,557,344**	
Operating and Capital Property Tax Increase			***5.96%***	

Analysis of Property Tax Increase

	2003
Operating Budget	
City Operations	**2.57%**
Police Operations	**1.54%**
City and Police Capital Budgets	**2.11%**
2002 Surplus transferred to 2003	**-1.67%**
	4.55%
New Debt	
Dockside and Johnson Street Bridge	**0.43%**
Multipurpose	**1.00%**
	5.98%

2003 Operating Budget Summary
Including Police

	2002	2003	Change	Percentage
EXPENDITURES				
General	49,116,727	50,408,198	1,291,471	2.63%
Police	26,011,466	27,536,000	1,524,534	5.86%
Non-Departmental	4,768,026	6,351,801	1,583,775	33.22%
Greater Victoria Public Library	2,645,137	2,723,420	78,283	2.96%
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REVENUES				
Non -Tax	16,317,241	17,108,945	791,704	4.85%
Non-Departmental	10,882,842	11,019,500	136,658	1.26%
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New Construction Revenue		878,384	878,384	
	115,974,385	**118,463,524**	**2,489,139**	**2.15%**
Budget Shortfall	**0**	**3,557,344**	**3,557,344**	
Operating and Capital Property Tax Increase			***5.96%***	

Analysis of Property Tax Increase

	2003
Operating Budget	
City Operations	2.57%
Police Operations	1.54%
City and Police Capital Budgets	2.11%
2002 Surplus transferred to 2003	-1.67%
	4.55%
New Debt	
Dockside and Johnson Street Bridge	0.43%
Multipurpose	1.00%
	5.98%

Explanation of Expenditure Increases

• City Salary and Benefit Increases	1,266,641
• Police Operating Budget Increase	924,534
• Increase in Library Funding	78,283
• Impact of New Debt	259,677
• Increase in Self Financed Programs	702,637
• Increase in Capital Funding (City and Police)	1,206,105
• Increase in Transfers to Reserve	500,000
• Multipurpose Facility	600,000
• Other Increases and Decreases	508,605
	6,046,482

Explanation of Revenue Increases

• Estimated New Assessment Revenue	378,384
• 2002 Surplus taken into 2003 Revenue	1,000,000
• Increases in Parking Revenue	427,000
• Decrease in Investment Interest	(250,000)
• Increase in Self Financed Programs	702,637
• Other increases and decreases	231,118
	2,489,139

Council Issues referred to Budget

- Request to re-visit 2003 Grant
  - Greater Victoria Film Commission
  - Maritime Museum
  - Tourism Victoria
- Community Social Planning Council ***($31,432)***
- Funding for Administrative Support for the Social Planning and Housing Advisory Committees ***($8,065)***
- West Nile Virus **($10,000)**
- The Cridge Centre Capital Grant **($70,000)**

Summary of 2003 Grants

	2003 Budget	2002 Budget	Increase (Decrease)
Corporate Grants			
Capital	35,000	140,000	(105,000)
Social Services Grants	39,523	39,523	-
Integrated Recreation	24,033	24,033	-
Maritime Museum	16,500	22,000	(5,500)
Greater Victoria Film Commission	37,500	50,000	(12,500)
SportHost	7,500	10,000	(2,500)
Tourism Victoria	45,000	60,000	(15,000)
Tourism Victoria - Ambassadors Program	15,000	0	15,000
VIATeC	17,500	25,000	(7,500)
CEDCO	10,000	15,000	(5,000)
Arts and Culture			
Festival Investment Grants	95,000	100,000	(5,000)
Community Development Grants			
Special Project	84,200	80,450	3,750
Neighbourhood Development	71,000	70,550	450
Youth Outreach	60,000	50,000	10,000
Adult Outreach	25,000	25,000	-
Transportation and Development Grants			
Adult School Crossing Guards	12,500	12,500	-
Civic Services Grants			-
Victoria Compost Education Centre	12,500	15,000	(2,500)
Planning and Development Grants			
Building Incentive	193,500	193,500	-
Victoria Civic Heritage Trust	92,820	92,820	-
Victoria Heritage Foundation	125,000	125,000	-
	1,019,076	**1,150,376**	**(131,300)**

Summary of 2003 Grants

	2003 Budget	2002 Budget	Increase (Decrease)
Corporate Grants			
Capital	35,000	140,000	(105,000)
Social Services Grants	39,523	39,523	-
Integrated Recreation	24,033	24,033	-
Maritime Museum	16,500	22,000	(5,500)
Greater Victoria Film Commission	37,500	50,000	(12,500)
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Tourism Victoria - Ambassadors Program	15,000	0	15,000
VIATeC	17,500	25,000	(7,500)
CEDCO	10,000	15,000	(5,000)
Arts and Culture			
Festival Investment Grants	95,000	100,000	(5,000)
Community Development Grants			
Special Project	84,200	80,450	3,750
Neighbourhood Development	71,000	70,550	450
Youth Outreach	60,000	50,000	10,000
Adult Outreach	25,000	25,000	-
Transportation and Development Grants			
Adult School Crossing Guards	12,500	12,500	-
Civic Services Grants			-
Victoria Compost Education Centre	12,500	15,000	(2,500)
Planning and Development Grants			
Building Incentive	193,500	193,500	-
Victoria Civic Heritage Trust	92,820	92,820	-
Victoria Heritage Foundation	125,000	125,000	-
	1,019,076	**1,150,376**	**(131,300)**

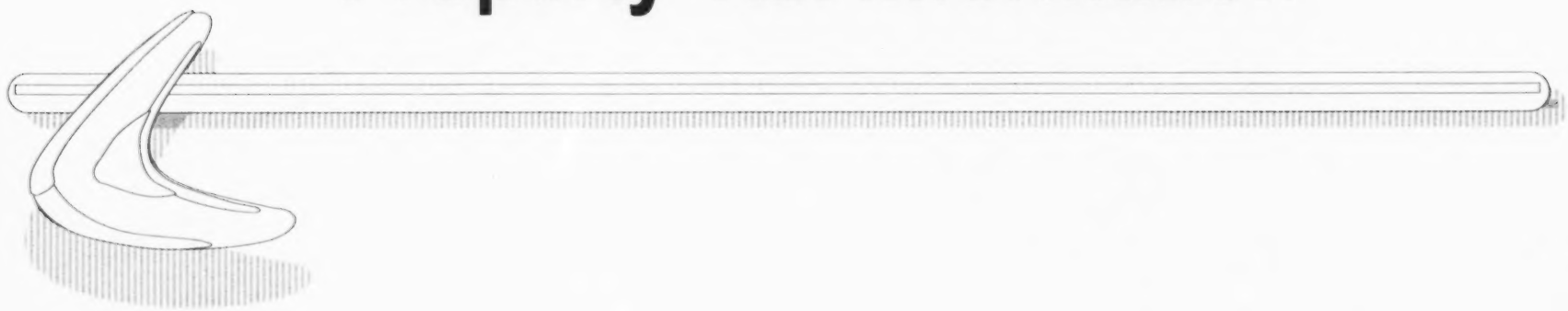
Social Services Grants

	2003 Requests	2003 Budget	Increase (Decrease)
Community Social Planning Council	12,573	12,340	233
(Additional Request)	23,115	-	23,115
	35,688	12,340	23,348
Greater Victoria Volunteer Society	8,762	8,391	371
Need Crisis and Information Line	19,792	11,797	7,995
St John Ambulance	2,240	2,210	30
Other	-	4,785	(4,785)
	66,482	39,523	26,959

Social Services Grants

	2003 Requests	2003 Budget	Increase (Decrease)
Community Social Planning Council	12,573	12,340	233
(Additional Request)	23,115	-	23,115
	35,688	12,340	23,348
Greater Victoria Volunteer Society	8,762	8,391	371
Need Crisis and Information Line	19,792	11,797	7,995
St John Ambulance	2,240	2,210	30
Other	-	4,785	(4,785)
	66,482	39,523	26,959

Property Tax Information



Comparison of 2003 and 2002 Taxable General Assessments

Description	2003 Values Excluding New Construction	Authenticated 2002 Values	Increase	Percent	Estmated New Construction Additional Assessment	Authenticated 2002 Assessment
Residential	5,508,459,907	4,998,762,597	509,697,310	**10.20%**	57,623,401	5,566,083,308
Utility	11,299,665	10,085,600	1,214,065	**12.04%**	0	11,299,665
Industrial	24,532,300	27,016,000	(2,483,700)	**-9.19%**	0	24,532,300
Business	2,281,020,188	2,178,355,667	102,664,521	**4.71%**	52,483,894	2,333,504,082
Seasonal/Non profit	9,567,701	8,638,701	929,000	**10.75%**	5,795,800	15,363,501
	7,834,879,761	**7,222,858,565**	**612,021,196**	**8.47%**	**115,903,095**	**7,950,782,856**

2002 Tax Rates and Tax Ratios

	2002 All Equalized (Except Utility)		
	Tax Ratio	Tax Rate	% Increase
Residential	1.0000	5.6138	3.96%
Utility	6.2875	35.2968	6.05%
Industrial	2.6691	14.9838	3.96%
Business	2.5150	14.1187	3.96%
Seasonal/Non Profit	1.8860	10.5876	3.96%

2002 Tax Rates and Tax Ratios

	2002 All Equalized (Except Utility)		
	Tax Ratio	Tax Rate	% Increase
Residential	1.0000	5.6138	3.96%
Utility	6.2875	35.2968	6.05%
Industrial	2.6691	14.9838	3.96%
Business	2.5150	14.1187	3.96%
Seasonal/Non Profit	1.8860	10.5876	3.96%

2003 Tax Rates and Tax Ratios
(No Change to Ratios)

	2003 No Change to Tax Ratios		
	Tax Ratio	Tax Rate	% Increase
Residential	1.0000	5.5464	8.87%
Utility	6.2875	34.8728	10.69%
Industrial	2.6691	14.8038	-10.28%
Business	2.5150	13.9491	3.46%
Seasonal/Non Profit	1.8860	10.4605	9.42%

2003 Tax Rates and Tax Ratios
(Recommended)

	Tax Ratio	2003 All Equalized Tax Rate	% Increase
Residential	1.0000	5.3980	5.96%
Utility	6.1840	33.3812	5.96%
Industrial	3.2390	17.4841	5.96%
Business	2.6468	14.2874	5.96%
Seasonal/Non Profit	1.8765	10.1293	5.96%

2003 Tax Rates and Tax Ratios
(No Change to Ratios)

	2003 No Change to Tax Ratios		
	Tax Ratio	Tax Rate	% Increase
Residential	1.0000	5.5464	8.87%
Utility	6.2875	34.8728	10.69%
Industrial	2.6691	14.8038	-10.28%
Business	2.5150	13.9491	3.46%
Seasonal/Non Profit	1.8860	10.4605	9.42%

2003 Tax Rates and Tax Ratios (Recommended)

	Tax Ratio	2003 All Equalized Tax Rate	% Increase
Residential	1.0000	5.3980	5.96%
Utility	6.1840	33.3812	5.96%
Industrial	3.2390	17.4841	5.96%
Business	2.6468	14.2874	5.96%
Seasonal/Non Profit	1.8765	10.1293	5.96%

Property Tax Statistics

	2003	2002	2001	2000	1999
Average Assessment					
Residential	209,826	190,411	187,954	189,846	193,000
Commercial	971,729	921,135	925,625	893,174	862,781
Increase (Decrease)					
Residential	10.20%	1.29%	-1.00%	-1.63%	-0.63%
Commercial	4.71%	-0.49%	3.63%	3.52%	-5.47%
Tax Rate					
Residential	5.398	5.6138	5.4699	5.1662	5.0093
Commercial	14.2874	14.1187	13.5149	13.3618	13.6357
Tax Ratio					
Commercial	2.6468	2.5150	2.4708	2.5864	2.722
Property Tax Increase					
Residential	5.96%	3.96%	4.82%	1.45%	3.71%
Commercial	5.96%	3.96%	4.82%	1.45%	3.71%
Percentage of Tax Paid					
Residential	46.69%	47.03%	47.61%	47.44%	47.50%
Commercial	51.81%	51.54%	51.00%	51.23%	51.22%

Property Tax Statistics

	2003	2002	2001	2000	1999
Average Assessment					
Residential	209,826	190,411	187,954	189,846	193,000
Commercial	971,729	921,135	925,625	893,174	862,781
Increase (Decrease)					
Residential	10.20%	1.29%	-1.00%	-1.63%	-0.63%
Commercial	4.71%	-0.49%	3.63%	3.52%	-5.47%
Tax Rate					
Residential	5.398	5.6138	5.4699	5.1662	5.0093
Commercial	14.2874	14.1187	13.5149	13.3618	13.6357
Tax Ratio					
Commercial	2.6468	2.5150	2.4708	2.5864	2.722
Property Tax Increase					
Residential	5.96%	3.96%	4.82%	1.45%	3.71%
Commercial	5.96%	3.96%	4.82%	1.45%	3.71%
Percentage of Tax Paid					
Residential	46.69%	47.03%	47.61%	47.44%	47.50%
Commercial	51.81%	51.54%	51.00%	51.23%	51.22%

COMPARISON OF 2002 TAX RATES

	Residential Tax Rate	Business Tax Rate
Victoria	**5.61**	**14.12**
Saanich	5.54	15.07
Esquimalt	6.64	19.79
Oak Bay	5.05	7.57

COMPARISON OF TAX RATES

	Residential Tax Rate	Business Tax Rate
Victoria	**5.61**	**14.12**
Prince George	10.11	15.59
Kamloops	8.62	18.41
North Vancouver	3.75	11.22
Langley	5.88	11.88
Kelowna (2001)	6.41	12.44
Delta	4.97	13.64
Saanich	5.54	15.07
Coquitlam	4.46	18.30
Abbotsford (2001)	5.72	13.72
Richmond (2001)	3.76	10.45
Burnaby	3.99	13.32
Surrey (2001)	3.70	9.44
Vancouver (2001)	3.01	14.83

Recap of Total Cost Comparison
Tax Increase For Average Assessment Change

Residential		Property Tax Bill		
Year	Assessed Value	General Tax	Sewer Frontage Fee	Total
2003	$209,826	1,132.64	28.50	**1,161.14**
2002	$190,411	1,068.93	28.50	**1,097.43**
	Increase	63.71	0.00	**63.71**
	Percentage	5.96%	0.00%	**5.81%**
Business				
2003	$964,548	13,780.89	171.00	**13,951.89**
2002	$921,135	13,005.23	171.00	**13,176.23**
	Increase	775.65	0.00	**775.65**
	Percentage	5.96%	0.00%	**5.89%**

Property Tax Increase per $100,000 of Assessment

- Residential = $34.17 per $100,000 of Assessment

- Business = $90.46 per $100,000 of Assessment

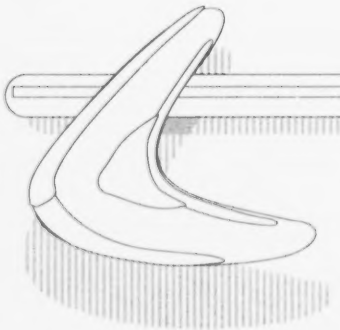
Recommendations

1. Approve the 2003 Operating and Capital Budgets as Presented **(Property Tax Increase = $3,557,344 or 5.96%).**
2. Adjust the Tax Ratios to evenly distribute the tax increase to all Property Tax Classes.

Budget Bylaws to be Introduced

- 2003 Tax Rate Bylaw
- 2003 to 2007 Operating Financial Plan
- 2003 to 2007 Capital Financial Plan
- Boulevard Tax Bylaw

Five Year Operating Financial Plan



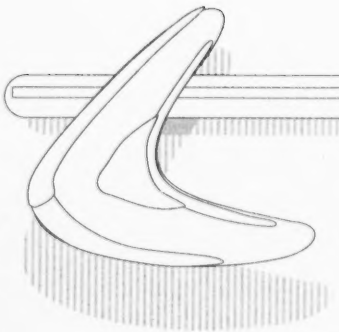
Issues

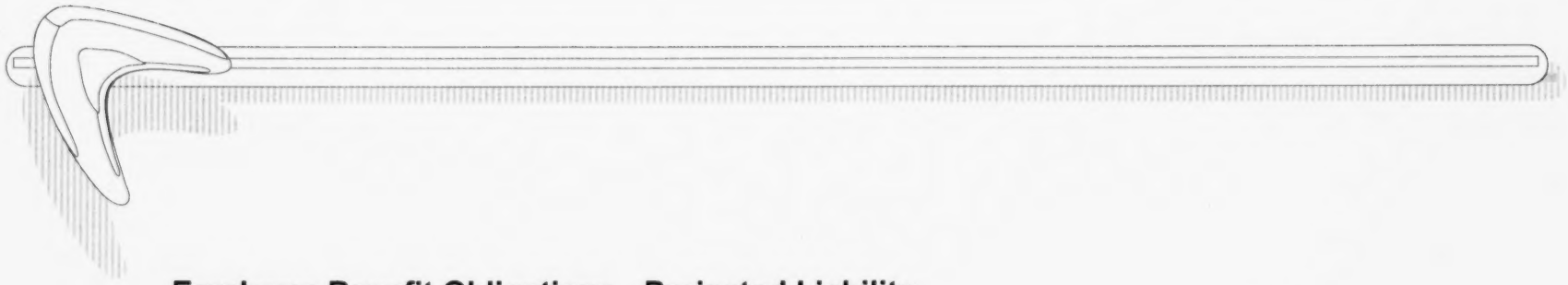
- Local Governments are required to establish a Long Term (Five Year) Operating Financial Plan
- Salaries are forecast to increase with inflation over the next 5 years
- Inflation is projected to be between 3% and 4% over the next 5 years
- Non Tax Revenues are not Increasing with inflation and in some cases are declining (I.e. Provincial Grants)

Issues cont'd

- There needs to be a continued focus on developing Capital Funding Strategies
- Funding Required for Employee Benefit Obligations, Pension Buybacks and Outstanding Legal Claims.
- Impacts of Police and Fire Retirements due to Pension Changes.

Employee Benefit Obligations and Pension Buyback





Employee Benefit Obligations - Projected Liability

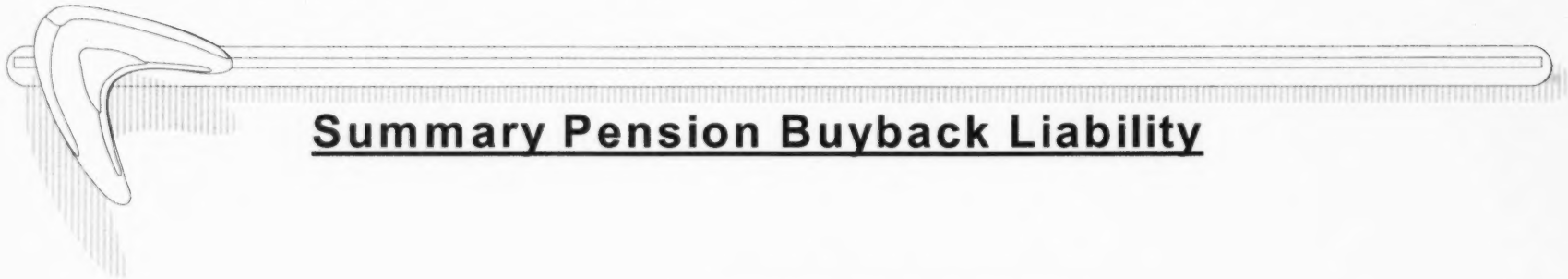
	City	Fire	Total	Police
Retirement Benefit - One Months Pay	2,024,267.42	475,974.39	2,500,241.81	964,381.65
Vested Sickleave	45,272.39	1,438,264.75	1,483,537.14	1,886,681.22
Vacations	551,139.63	9,312.93	560,452.56	388,688.97
	2,620,679.44	1,923,552.07	4,544,231.51	3,239,751.84
Less Funds held in Reserve			(894,000.00)	
			3,650,231.51	

Employee Benefit Obligations - Projected Liability

	City	Fire	Total	Police
Retirement Benefit - One Months Pay	2,024,267.42	475,974.39	2,500,241.81	964,381.65
Vested Sickleave	45,272.39	1,438,264.75	1,483,537.14	1,886,681.22
Vacations	551,139.63	9,312.93	560,452.56	388,688.97
	2,620,679.44	1,923,552.07	4,544,231.51	3,239,751.84
Less Funds held in Reserve			(894,000.00)	
			3,650,231.51	

Employee Benefit Obligations - Annual Reserve Fund Contribution Required

	City	Fire	Total	Police
Retirement Benefit - One Months Pay	152,302.16	29,458.65	181,760.81	90,076.99
Vested Sickleave	-	82,021.62	82,021.62	183,818.49
Interest	3,046.00	2,230.00	5,276.00	5,478.00
Reserve Fund Contribution Required	155,348.16	113,710.27	269,058.43	279,373.48



Summary Pension Buyback Liability

	Projected Liability 2003 to 2006
City	1,103,430
Fire	259,211
Total	1,362,641
Cost Per Year	454,214
Police	553,965

Employee Benefit Obligations - Annual Reserve Fund Contribution Required

	City	Fire	Total	Police
Retirement Benefit - One Months Pay	152,302.16	29,458.65	181,760.81	90,076.99
Vested Sickleave	-	82,021.62	82,021.62	183,818.49
Interest	3,046.00	2,230.00	5,276.00	5,478.00
Reserve Fund Contribution Required	155,348.16	113,710.27	269,058.43	279,373.48

Summary Pension Buyback Liability

	Projected Liability 2003 to 2006
City	1,103,430
Fire	259,211
Total	1,362,641
Cost Per Year	454,214
Police	553,965

Recommendations

- Beginning in 2004 that the Five Year Financial Plan include:
  - **$269,000** funding for the Vested Sick Leave and One Months Retirement Pay
  - **$454,000** funding for the Pension Buyback Liability, should this be determined to be a City Liability.
  - Police be responsible for developing their own funding strategies to deal with these issues.

Assumptions

- Salaries to increase with inflation over the next five years.
- Other expenditures to increase by 2% per annum
- Non Tax Revenues increased by 2% where appropriate
- Assumes Capital Funding Strategies are adopted
- Inflation assumed to be at the 3% to 4% level for the next five years.
- Assumes no increase in FTE complements or new programs

Results

- Five year Operating Budget that Maintains Service Levels
- Includes funding for Employee Benefit Obligations, Pension Buybacks and Outstanding Legal Claims
- Property Tax Increase required for 2003 is 5.96%

2003 to 2007 Financial Plan Summary

	2003	2004	2005	2006	2007
EXPENDITURES					
General	50,123,192	52,575,624	55,185,991	56,669,404	58,196,091
Police	27,556,000	29,041,790	30,057,443	31,103,982	32,182,465
Non-Departmental	6,616,807	7,004,829	7,224,794	7,745,160	8,265,933
Greater Victoria Public Library	2,723,420	2,777,888	2,833,446	2,890,115	2,947,917
Debt	5,998,581	5,143,216	5,487,102	6,060,686	6,315,184
Self-financed Programs	24,739,006	25,937,883	26,661,386	27,043,797	27,432,623
Transfer to Capital	4,263,861	5,219,861	6,175,861	7,131,861	8,087,861
	122,020,868	**127,701,091**	**133,626,023**	**138,645,005**	**143,428,073**
REVENUES					
Non -Tax	17,108,945	17,290,179	18,644,153	18,832,952	19,025,655
Non-Departmental	11,019,500	10,839,148	10,512,188	10,688,689	10,868,722
Police	5,047,486	5,229,187	5,370,830	5,516,781	5,808,252
Self-financed Programs	24,739,006	25,937,883	26,661,386	27,043,797	27,432,623
	57,914,937	59,296,397	61,188,557	62,082,219	63,135,252
Operating Property Tax Levy	59,670,203	64,105,931	68,404,694	72,437,466	76,562,786
New Construction Revenue	878,384	1,000,000	1,000,000	1,000,000	1,000,000
	118,463,524	**124,402,328**	**130,593,251**	**135,519,685**	**140,698,038**
Budget Shortfall	**3,557,344**	**3,298,764**	**3,032,772**	**3,125,319**	**2,730,035**
Operating and Capital Property Tax Increase	***5.96%***	***5.15%***	***4.43%***	***4.31%***	***3.57%***

2003 to 2007 Financial Plan Summary

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Operating and Capital Property Tax Increase	***5.96%***	***5.15%***	***4.43%***	***4.31%***	***3.57%***

Explanation of Increases (Decreases)

	2003	2004	2005	2006	2007
Expenditures					
Police Budget Increase	1,544,534	1,485,790	1,015,653	1,046,539	1,078,482
Library Budget Increase	78,283	54,468	55,558	56,669	57,802
City Increase in Salaries and Benefits	1,266,641	1,125,764	1,222,248	1,260,480	1,299,885
Self Financed Programs	702,637	1,198,877	723,503	382,411	388,826
New Debt Issues	259,677	217,577	343,886	573,584	254,498
Debt Issues Retired		(1,072,942)			
Employee Benefit Obligations		470,000			
Employee Pension Buyback		455,000			
Increase in Capital Funding	606,105	956,000	956,000	956,000	956,000
Increase Transfers to Reserve	500,000	500,000	500,000	500,000	500,000
Multipurpose Facility	600,000		869,000		
Arena Transition Fund		(330,000)			
Outstanding Legal Claims		400,000			
Inflationary Increases and Decreases	488,605	219,690	239,084	243,299	247,575
	6,046,482	**5,680,224**	**5,924,932**	**5,018,981**	**4,783,068**
Revenues					
New Assessement Revenue	878,383	1,000,000	1,000,000	1,000,000	1,000,000
Federal Properties Transferred to Harbour Authority	(300,000)				
Multipurpose Facility			1,169,000		
Prior Year's Surplus Taken into Revenue	945,000	500,000	-	-	-
Inflationary Increase on Non Tax Revenues	965,755	881,460	723,160	893,662	1,053,033
	2,489,138	**2,381,460**	**2,892,160**	**1,893,662**	**2,053,033**
Property Tax Increase	**3,557,344**	**3,298,764**	**3,032,772**	**3,125,319**	**2,730,035**

Explanation of Increases (Decreases)

	2003	2004	2005	2006	2007
Expenditures					
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Multipurpose Facility	600,000		869,000		
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Outstanding Legal Claims		400,000			
Inflationary Increases and Decreases	488,605	219,690	239,084	243,299	247,575
	6,046,482	**5,680,224**	**5,924,932**	**5,018,981**	**4,783,068**
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	2,489,138	**2,381,460**	**2,892,160**	**1,893,662**	**2,053,033**
Property Tax Increase	**3,557,344**	**3,298,764**	**3,032,772**	**3,125,319**	**2,730,035**

Five Year Capital Financial Plan

Capital Budget Issues

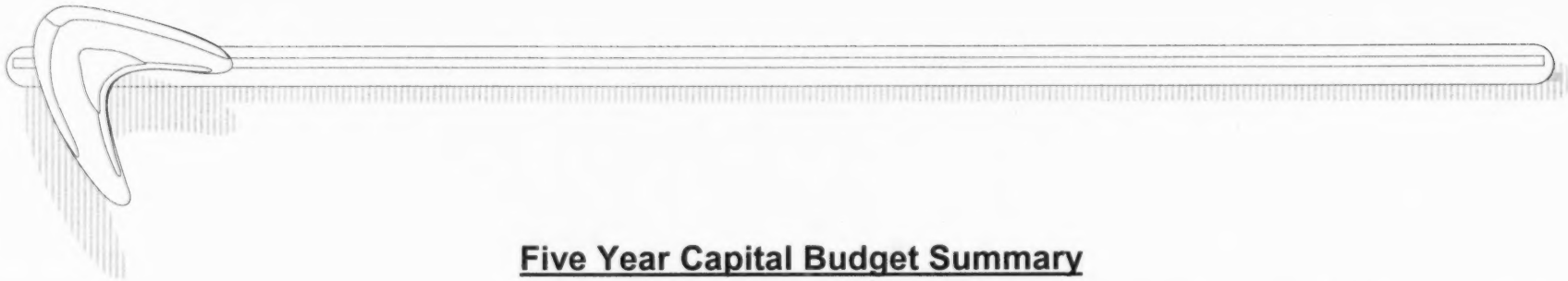
- Local Governments are required to establish a Long Term (Five Year) Operating Financial Plan
- Capital Expenditure Requirements Exceeds Funding Available
- Need to Develop Funding Strategies or be more realistic with our Expenditure Programs
- Reserves Funds are lean and need to be increased

Capital Budget Strategies

- Give preference to projects that maintain existing assets as opposed to create new ones.
- Give preference to projects that attract non-City funding.
- Give preference to projects that generate cost savings and support customer service.
- Debt funding for one-time projects.
- Allocate 50% of new assessment revenue to the capital budget.
- Continue with the 1.5% temporary capital property tax levy until 2007.
- Increase transfers to reserves by $500,000 per year

Results

- We now have a Balanced Five Year Capital Plan that Supports our Strategic Plan and goes a long way to Satisfying our overall Capital Infrastructure Needs
- We have implemented Funding Strategies to Increase The Capital Tax Levy from ***$4.2 million in 2003 to $9.7 million by 2006***
- Strategies have been introduced to make the Police Capital Budget self sufficient
- We have developed Strategies to Increase our Capital Reserves



Five Year Capital Budget Summary

	2003	2004	2005	2006	2007
Expenditures					
Emergency Program	80,000	95,800	145,800	100,800	100,800
Corporate Administration	-	30,000	70,000	28,000	-
Finance	1,558,000	1,115,000	922,000	980,000	1,130,000
Engineering	11,503,506	9,763,480	9,456,560	8,506,732	8,061,862
Water Utility	1,964,227	1,951,174	2,052,441	1,904,416	1,904,416
Sewer Utility	1,525,662	1,742,662	1,992,662	2,142,662	2,142,662
Fire Department	307,000	175,500	1,545,150	50,000	550,000
Parks, Recreation and CD+B43	18,426,764	24,303,831	6,301,975	2,664,167	1,346,166
Planning and Development	981,480	1,204,000	750,000	750,000	750,000
Police Department	781,681	325,000	320,000	340,000	340,000
Victoria Conference Centre	504,000	395,000	260,000	260,000	260,000
Total Capital Expenditures	**37,632,320**	**41,101,447**	**23,816,588**	**17,726,777**	**16,585,906**

Five Year Capital Budget Summary

	2003	2004	2005	2006	2007
Expenditures					
Emergency Program	80,000	95,800	145,800	100,800	100,800
Corporate Administration	-	30,000	70,000	28,000	-
Finance	1,558,000	1,115,000	922,000	980,000	1,130,000
Engineering	11,503,506	9,763,480	9,456,560	8,506,732	8,061,862
Water Utility	1,964,227	1,951,174	2,052,441	1,904,416	1,904,416
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Fire Department	307,000	175,500	1,545,150	50,000	550,000
Parks, Recreation and CD+B43	18,426,764	24,303,831	6,301,975	2,664,167	1,346,166
Planning and Development	981,480	1,204,000	750,000	750,000	750,000
Police Department	781,681	325,000	320,000	340,000	340,000
Victoria Conference Centre	504,000	395,000	260,000	260,000	260,000
Total Capital Expenditures	**37,632,320**	**41,101,447**	**23,816,588**	**17,726,777**	**16,585,906**

Five Year Capital Budget Summary

	2003	2004	2005	2006	2007
Funding Sources					
Beginning Capital Levy	3,657,756	4,263,861	5,669,500	7,019,500	8,369,500
Capital Tax Levy (1.5%)	156,105	955,639	900,000	900,000	900,000
New Assessment Revenue (50%)	450,000	450,000	450,000	450,000	450,000
Adjusted Capital Levy	**4,263,861**	**5,669,500**	**7,019,500**	**8,369,500**	**9,719,500**
Connection Fees	193,000	193,000	193,000	193,000	193,000
Equipment Replacement Reserve	-	-	-	-	-
Vehicles and Heavy Equipment	2,215,060	1,150,000	1,250,000	1,150,000	1,150,000
Specialty Equipment	1,382,500	786,300	732,900	633,800	63,072
Buildings and Infrastructure	2,061,809	1,724,028	1,588,256	1,103,245	688,256
Tax Sale Land Reserve	1,642,500	1,236,000	500,000	500,000	-
Parks and Recreation Facility Reserve	621,000	75,000	-	-	-
Development Cost Charges	88,000	-	-	-	-
Economic Development Reserve	-	-	-	-	-
Casino Revenue	100,000	-	37,264	78,000	-
Trust Fund	50,000	400,000	-	-	-
Grants and Partnerships	4,890,256	1,735,685	2,979,028	542,154	125,000
Debt	15,348,764	23,718,098	4,891,537	510,000	-
Self Financed Entities	-	-	-	-	-
Water Utility	1,964,227	1,951,174	2,052,441	1,904,416	1,904,416
Sewer Utility	1,525,662	1,742,662	1,992,662	2,142,662	2,142,662
Victoria Conference Centre	504,000	395,000	260,000	260,000	260,000
Police	781,681	325,000	320,000	340,000	340,000
Total Capital Budget Funding Available	**37,632,320**	**41,101,447**	**23,816,588**	**17,726,777**	**16,585,906**
Capital Budget Surplus (Shortfall)	-	-	-	-	-

Summary

Operating Budget

- Tax increase for 2003 has been set at 5.96%
- Beginning in 2003 contributions to reserve funds will increase by $500,000 per annum
- Funding has been included for Employee Benefit Obligations, Pension Buybacks and Outstanding Legal Claims
- No changes to Services Levels

Capital Budget

- Funding Strategies have been developed which will provide the necessary funds to satisfy the City of Victoria Infrastructure needs for years to come.

Recommendations

- Council approve the Five Year Financial Plan as submitted
- Council Approve the 2003 tax increase of 5.96%
- Council approve adjusting the Tax Ratios to evenly distribute the tax increase to all Property Tax Classes
- Council approve the Capital Funding Strategies

Next Steps

- April 17th — Introduce Budget Bylaws
- May 1st — Final Approval of Bylaws
- May 15th — Mail out Tax Notices
- July — Start 2004 Budget Process